

Message Text

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PAGE 01 STATE 026598
ORIGIN ARA-14

INFO OCT-01 ISO-00 SIG-02 MMO-04 AID-05 CIAE-00
COME-00 EB-08 FRB-01 INR-07 NSAE-00 USIA-15
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01
AGRE-00 STR-07 DOE-11 SOE-02 INT-05 /100 R

DRAFTED BY ARA/ECP:WDBURSON:LM
APPROVED BY ARA/ECP:SHROGERS

-----116955 011902Z /46

R 011614Z PEB 78
FM SECSTATE WASHDC
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

UNCLAS STATE 026598

E.O. 11652: N/A

TAGS: ETRD, XM

SUBJECT: U.S.-LATIN AMERICAN TRADE IN 1977

REF: 77 STATE 284605

1. THE U.S. DEFICIT IN ITS TRADE WITH LATIN AMERICA
AND THE CARIBBEAN ROSE TO \$3.2 BILLION IN 1977 COMPARED
TO A \$300 MILLION DEFICIT IN 1976. IMPORTS FROM THE
REGION ROSE BY 22 PERCENT TO \$20.9 BILLION WHILE EXPORTS
TO THE REGION INCREASED BY ONLY 5 PERCENT TO \$17.7 BILLION.
MOST OF THE INCREASE IN THE DEFICIT APPEARS ATTRIBUTABLE
TO 1) INCREASED PETROLEUM IMPORTS, 2) HIGH COFFEE PRICES,
AND 3) WEAK DEMAND FOR U.S. CAPITAL GOODS EXPORTS.

2. BILATERAL TRADE BALANCES: THE U.S. BILATERAL TRADE
BALANCE WITH MOST LATIN AMERICAN AND CARIBBEAN COUNTRIES
DETERIORATED IN 1977 FROM 1976 LEVELS. ARGENTINA AND
CHILE WERE THE ONLY MAJOR EXCEPTIONS. MOST OF THE CHANGE,
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HOWEVER, WAS CONCENTRATED IN TRADE WITH MEXICO AND BRAZIL.
U.S. EXPORTS TO THESE TWO COUNTRIES DECLINED FOR THE
SECOND YEAR IN A ROW WHILE IMPORTS FROM THEM INCREASED
SHARPLY. THE U.S. HAD A SURPLUS IN TRADE WITH MEXICO AND
BRAZIL OF \$3.7 BILLION IN 1975, \$2.5 BILLION IN 1976, AND
ONLY \$350 MILLION IN 1977. WHILE THE LARGE BILATERAL

DEFICIT WITH VENEZUELA REMAINED STEADY AT \$900 MILLION IN 1977 THE DEFICIT WITH THE CARIBBEAN OIL EXPORTING COUNTRIES INCREASED FROM \$2.6 BILLION TO \$3.2 BILLION.

3. COMMODITY IMPORTS: THE VALUE OF COFFEE IMPORTS FROM LATIN AMERICA IN 1977 INCREASED BY ALMOST \$900 MILLION EVEN THOUGH VOLUME REMAINED ABOUT THE SAME. PRINCIPAL BENEFICIARIES OF THE INCREASE WERE BRAZIL, COLOMBIA, EL SALVADOR, GUATEMALA, AND MEXICO. SUGAR IMPORTS IN 1977 WERE ONLY SLIGHTLY LOWER IN VALUE THAN IN 1976 BECAUSE OF THE SHARPLY INCREASED VOLUME. IMPORT VALUE OF COCOA, FISH, COPPER, BANANAS, AND OTHER FRESH FRUITS AND VEGETABLES ALSO INCREASED SUBSTANTIALLY.

4. PETROLEUM IMPORTS: PETROLEUM IMPORTS FROM LATIN AMERICA AND THE CARIBBEAN INCREASED BY 1.7 BILLION 1977 TO REACH \$9 BILLION (43 PERCENT OF TOTAL IMPORTS FROM THE REGION). HOWEVER, ABOUT \$2 BILLION OF THESE IMPORTS CONSISTED OF NON-HEMISPHERE CRUDE REFINED IN THE CARIBBEAN. U.S. IMPORTS OF PETROLEUM PRODUCED IN THE REGION, WHILE UP SHARPLY IN ABSOLUTE TERMS, AGAIN DECREASED AS A PERCENTAGE OF GLOBAL PETROLEUM IMPORTS, FROM ABOUT 17 PERCENT TO 15 PERCENT. (PETROLEUM ACCOUNTED FOR 30 PERCENT OF GLOBAL U.S. IMPORTS IN 1977 VERSUS 28 PERCENT IN 1976 AND LESS THAN 9 PERCENT IN 1972).

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5. MANUFACTURED IMPORTS: IMPORTS OF MANUFACTURED GOODS (EXCLUDING REFINED METALS) DID NOT SHOW SUCH SPECTACULAR INCREASES AS COFFEE AND PETROLEUM BUT DID INCREASE BY ALMOST 20 PERCENT IN 1977. CATEGORIES WHICH SHOWED THE STRONGEST GROWTH WERE TEXTILES, AUTOMOTIVE VEHICLE PARTS, AND NON-ELECTRICAL MACHINERY.

6. U.S. EXPORTS: IN ADDITION TO MEXICO AND BRAZIL, U.S. EXPORTS TO SEVERAL OTHER LATIN AMERICAN COUNTRIES DECLINED IN 1977. AS A RESULT, MOST MAJOR EXPORT CATEGORIES SHOWED LITTLE GROWTH OVER 1976 LEVELS. THE ONLY EXCEPTIONS WERE CHEMICALS AND MISCELLANEOUS MANUFACTURES. CAPITAL GOODS (MACHINERY AND TRANSPORT EQUIPMENT) ACTUALLY DECLINED SLIGHTLY. HOWEVER, THIS WEAK DEMAND FOR CAPITAL GOODS WAS LARGELY CONFINED TO MEXICO, BRAZIL, PERU, AND THE CARIBBEAN. CAPITAL GOODS EXPORTS TO THE REMAINDER OF THE REGION INCREASED BY ABOUT 10 PERCENT WITH SHIPMENTS TO CENTRAL AMERICA PARTICULARLY STRONG.

U.S. TRADE WITH LATIN AMERICA, 1976-77 (MILLIONS OF

DOLLARS)

	1976	1976	1977	1977	
COUNTRY	IMPORTS	EXPORTS	IMPORTS	EXPORTS	

MEXICO	3,606	4,990	4,685	4,806
BRAZIL	1,740	2,809	2,246	2,482
COLOMBIA	657	703	822	782
PERU	378	573	499	500
ARGENTINA	310	544	383	731
CHILE	222	508	261	520
PANAMA	142	358	159	346
BOLIVIA	113	133	161	214
URUGUAY	62	58	88	74
PARAGUAY	20	38	23	51
TOTAL	7,250	10,714	9,327	10,506

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GUATEMALA	288	334	384	377
EL SALVADOR	287	232	427	314
COSTA RICA	235	255	285	323
HONDURAS	216	162	253	240
NICARAGUA	181	169	181	223
TOTAL	1,207	1,152	1,530	1,477

CARIBBEAN (NON-OIL)

DOM. REP.	520	432	631	424
JAMAICA	312	285	347	271
HAITI	149	150	169	203
SURINAM	87	93	120	119
GUYANA	62	95	55	62
BARBADOS	31	49	32	59
TOTAL	1,161	1,104	1,354	1,138

OIL EXPORTERS

VENEZUELA	3,576	2,628	4,072	3,171
ECUADOR	539	416	609	565
TRINIDAD	1,501	309	1,658	306
NETH. ANTILL.	1,170	248	1,286	304
BAHAMAS	670	199	1,050	224
TOTAL	7,456	3,800	8,675	4,570

TOTAL 17,074 16,770 20,885 17,691 VANCE

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Message Attributes

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Disposition Event:
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